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E.O. 12958: DECL: 09/23/2019
TAGS: [EPET](#) [EINV](#) [ELAB](#) [ECON](#) [ENRG](#) [VE](#)
SUBJECT: VENEZUELA: GBRV ERECTING OBSTACLES TO NEW LABOR
CONTRACTS

REF: A. CARACAS 339
[1](#)B. CARACAS 643

Classified By: Economic Counselor Darnall Steuart, for reasons
1.4 (b) and (d).

[1](#)1. (SBU) SUMMARY: The collective bargaining agreement for the Oil, Chemical, and Gas Workers Federation of Venezuela (FUTEV) expired on January 21, 2009. Our contacts report the Bolivarian Republic of Venezuela (GBRV) and PDVSA do not want to negotiate a costly new collective bargaining agreement and will continue erecting barriers to negotiations. PDVSA will not negotiate a contract with current union leadership until it elects new leadership. The GBRV, acting through the National Elections Council (CNE) has postponed union elections seven times and will likely delay them even further. The GBRV has also avoided signing new collective bargaining agreements that cover most public sector employees. Strong, independent unions and workers that are not subject to the authority of the state appear at odds with the Bolivarian agenda. END SUMMARY.

[1](#)2. (SBU) The three-year collective bargaining agreement that expired on January 21, 2009, covered approximately 55,000 workers (roughly 20,000 workers are employed by petroleum service companies and the rest by PDVSA). FUTEV, the largest and most important of the labor union federations, represents one hundred oil unions. (NOTE: In response to the PDVSA strike from December 2002-February 2003, President Chavez fired 19,000 PDVSA employees, half of its 40,000 workforce. Today, PDVSA's workforce exceeds 90,000 workers (20-30,000 professional level, 50-60,000 workers, and roughly two thousand management/executive level employees) END NOTE.) According to the FUTEV electoral commission, the largest number of union members resides in Zulia state, which is an important center of the opposition to President Chavez's ruling party.

[1](#)3. (SBU) According to post contacts, PDVSA is not interested in negotiating a new collective bargaining agreement, as it would have to start paying new benefits as soon as an agreement is signed. Indeed, PDVSA has actively begun trying to roll back benefits won by the unions in previous agreements. In April 2009, PDVSA froze wages for rank-and-file employees, reduced medical coverage, and closed some company-run grocery stores, even though annual inflation

approaches thirty percent.

Electoral Process for Union Elections

14. (SBU) FUTEV authorities requested permission from the National Electoral Commission (CNE) in August 2008 to hold leadership elections. Two months later, in October, the Venezuelan Labor Ministry authorized FUTEV leadership to begin conversations on the new contract. PDVSA, however, has refused to negotiate with the union's leadership because the union has not held elections. The week of April 13, 2009, nearly eight months after FUTEV sought to hold elections, the CNE scheduled elections for May 20, 2009.

15. (C) Repeated postponements since then have been brought on by Chavista union leaders who have raised technical challenges to union leadership candidates, and to the list of eligible voters. There has also been in-fighting between groups running under the FUTEV umbrella, particularly factions of President Chavez's political party, the Unified Socialist Party of Venezuela (PSUV). However, the most recent two postponements originated from the CNE (and not the Chavista unions) which decided to automate the elections. The current scheduled election date is October 1, but Gabriel Matute (protect), a lawyer and CNE election witness for the labor union elections, told EmbOffs on September 17 that he expects the elections will be postponed yet again. On September 27, Matute told EconOff that all of the preparations for the October 1 elections were complete. He noted however, that there was still time for the GBRV to find a reason to postpone them. He added that even if the elections take place there is no guarantee that the results

would not be contested. He hinted that PDVSA and FUTEV might not reach the negotiating table for some time to come.

FUTEV Representative of Other Industries

16. (SBU) The situation of the workers in the oil and gas industry is not unique. The GBRV has shown no appetite to renegotiate expired collective bargaining agreements that cover more than 1.5 million public sector workers, including Caracas metro workers, teachers, and electrical workers.

17. (C) COMMENT: PDVSA and the GBRV have effectively avoided negotiating a new collective bargaining agreement with FUTEV for over a year, using the lack of union elections as an effective stalling tactic. The GBRV sees neither a financial nor a political incentive to enter into new contracts; independent unions that forcefully advocate for workers' rights clash with the Bolivarian agenda. Even though wages have been frozen since the collective bargaining agreement expired nearly eight months ago, FUTEV-associated workers have largely been quiet -- memories of the firing of half of PDVSA's workforce in 2003 likely play a significant role in worker calculations. END COMMENT.

DUDDY